

**IN THE CLAIMS:**

*This listing of claims will replace all prior versions and listings of claims in the application.*

**Listing of Claims:**

1. (Currently Amended) A method of producing a soft magnetic material, comprising the steps of:  
preparing soft magnetic powder containing a plurality of soft magnetic particles  
(10),  
etching said soft magnetic powder to remove surfaces (10a) of said soft  
magnetic particles (10), and  
after said etching step, performing a first heat treatment of said soft magnetic powder in a  
finely divided state at a temperature of not less than 400 °C and not more than 900 °C.
2. (Original) The method of producing the soft magnetic material according to claim 1,  
wherein, after said etching step, said soft magnetic powder has a particle size distribution  
substantially existing only in a range of not less than 10 µm and not more than 400 µm.
3. (Currently Amended) The method of producing the soft magnetic material according  
to claim 1, wherein said etching step includes the step of removing surfaces (10a) of said soft  
magnetic particles (10) such that an average particle diameter of the soft magnetic powder  
prepared by said preparing step is reduced to a value in a range of not less than 90% relative to  
the average particle diameter.
4. (Original) The soft magnetic powder produced using the method of producing the soft  
magnetic material according to claim 1, wherein

said soft magnetic powder has a coercivity which is reduced to a value of not more than 70% relative to the coercivity of the soft magnetic powder prepared by said preparing step.

5. (Currently Amended) The method of producing the soft magnetic material according to claim 1, further comprising the steps of:

after said step of performing the first heat treatment, forming an insulating film (20) on each of said plurality of soft magnetic particles (10), and

preparing a compact by pressure-forming said plurality of soft magnetic particles (10) each having said insulating film (20) formed thereon.

6. (Currently Amended) The method of producing the soft magnetic material according to claim 5, further comprising the step of adding organic matter (40) to said soft magnetic powder before said step of preparing the compact.

7. (Currently Amended) The method of producing the soft magnetic material according to claim 5, further comprising the step of performing a second heat treatment of said compact at a temperature of not less than 30 °C and less than a thermal decomposition temperature of said insulating film (20).

8. (Original) A dust core produced using the method of producing the soft magnetic material according to claim 7, wherein said dust core has a coercivity of not more than  $1.0 \times 10^2$  A/m.